



Arizona State Retirement System

Long Term Disability Program

Employee Guide

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Contents

WHAT IS THE ASRS LONG TERM DISABILITY PROGRAM?	2
WHO IS ELIGIBLE?	2
WHAT IS A DISABILITY?	3
WHEN DO BENEFITS BEGIN?.....	3
WHAT IS THE AMOUNT OF THE BENEFIT?	4
ARE BENEFITS TAXED?	6
HOW LONG WILL BENEFITS BE PAID?	6
WHAT HAPPENS IF MY DISABILITY STOPS AND THEN RECURS?	7
AM I ELIGIBLE FOR THE ASRS HEALTH INSURANCE PROGRAM?	7
HOW DO I FILE A CLAIM FOR BENEFITS?	8
IF I DISAGREE WITH THE DECISION ON MY CLAIM, WHAT CAN I DO?.....	9

Disclaimer: Legislation, rules and policies governing the ASRS are subject to change. If information contained in this booklet differs from laws, rules and ASRS policy, the ASRS is not bound by this booklet but will comply with statutes, rules and policies. Please refer to our website, **AZASRS.gov** for the most current legislation and for more details on your benefits as a member of ASRS.

WHAT IS THE ASRS LONG TERM DISABILITY PROGRAM?

The Arizona State Retirement System (ASRS) Long Term Disability (LTD) Program provides a monthly benefit designed to partially replace income lost if you are unable to work during periods of disability resulting from a qualifying illness (including some pregnancies) or injury.

The program is provided as a benefit with your membership in the ASRS. The ASRS collects required contributions from employers and active members each pay period and holds the contributions in the LTD trust fund, which is designated solely for the purpose of paying benefits and costs of administering the LTD program.

The ASRS has contracted with Broadspire Services, Inc., a Crawford Company, to administer the LTD program. Broadspire makes all initial decisions regarding claims submitted under the program. Please contact Broadspire if you have questions about the program and its administration. The phone number and address are on the last page of this booklet.

WHO IS ELIGIBLE?

All public officers and employees who meet ASRS membership criteria also make contributions to the LTD program and may be eligible for an LTD benefit.

The following members are not eligible for LTD benefits under the ASRS program:

- A member who is receiving retirement benefits from the ASRS.
- A member who withdraws employee contributions and ceases to be a member of the ASRS.
- A member that meets ASRS membership criteria but who is initially hired on or after July, 20, 2011, by an agency, department, board, or commission of the state, a university under the jurisdiction of the Arizona Board of Regents, the judicial branch, the Arizona Corporation Commission, or the legislature until the 27th week of employment.
- A member who files an initial claim for disability benefits more than twelve (12) months after the date of disability unless the participant shows ASRS good cause for filing late.
- A member whose disability is due to, or a result of, any of the following:
 - An intentionally self-inflicted injury;
 - War, whether declared or not;
 - An injury incurred while engaged in a felonious criminal act or enterprise;
- A member whose most recent membership in ASRS began before July 1, 2008, and who received medical treatment¹ for an injury or illness **within the three months** prior to the date coverage began under the ASRS LTD program, unless:

¹ "Received medical treatment," means the member consulted with or received the advice of a licensed medical or dental practitioner, including advice given during a routine examination. It also includes receiving medical or dental care, treatment or services, including taking drugs, medication, insulin, or similar substances.

- The member has been an active contributing member of an employer for twelve (12) continuous months, or
 - The member is employed by an employer before July 1, 1988.
- A member whose most recent membership in ASRS began on or after July 1, 2008, and who received medical treatment for an injury or illness **within the six months** prior to the date coverage began under the ASRS LTD program, unless the member has been an active contributing member of an employer for twelve (12) continuous months.

The ASRS LTD program does not provide benefits to active plan members from the Public Safety Personnel Retirement System, the Elected Officials' Retirement Plan, the University Optional Retirement Plan, or the Corrections Officer Retirement Plan.

WHAT IS A DISABILITY?

A disability is determined by "objective medical evidence," defined as evidence that establishes facts and conditions, as perceived without distortion by personal feelings, prejudices or interpretations, and includes x-rays, quantitative tests, laboratory findings, data, records, and reports from the attending and reports from a consulting physician.

Based on objective medical evidence, under the ASRS LTD program you are considered to have a disability if:

- During the first 30 months of a period of disability (including a six-month waiting period), you are under the care of a licensed physician and are unable to perform all of the duties of the job you held when you developed a disability.
- After you have received monthly LTD benefits for 24 months within a five-year period, you are under the care of a licensed physician and are unable to perform any work for which you are reasonably qualified by education, training or experience and for compensation at an amount greater than or equal to two-thirds of your compensation at the time of disability.

WHEN DO BENEFITS BEGIN?

Benefits will begin after a waiting period of six consecutive months from the date of your disability. The date of disability is determined by the LTD administrator when your application is reviewed and approved. Once approved, benefits are paid on a monthly basis as long as you continue to meet program criteria.

The six-month waiting period will not be interrupted by working modified or limited duty. Limited duty means you are able to work in some capacity but are unable to perform all of the duties of the job you held when you developed a disability and/or you unable to work a full-time schedule, as advised and substantiated by a licensed physician.

WHAT IS THE AMOUNT OF THE BENEFIT?

The monthly benefit is 66 2/3 percent (66 2/3%) of your monthly compensation as of the date of disability. Broadspire will determine “monthly compensation” based on your contributions to the ASRS and as defined in Arizona Revised Statutes (A.R.S.) § 38-797. Monthly benefits will be calculated in accordance with statutes and ASRS policies and procedures.

Reductions in Your Monthly Benefit

You may be eligible for LTD benefits while receiving other benefits, such as Social Security or workers’ compensation. However, the amount of your LTD benefit will be impacted by payments you receive from other sources.

Your monthly ASRS LTD benefit amount will be reduced by:

- Sixty-four percent (64%) of the initial benefits you and your family receive from Social Security Disability or the United States Railroad Retirement Act, when paid because of your disability, except for a member whose disability begins on or after July 1, 2008, eighty-five percent (85%) of the initial benefits you and your family receive, when paid because of your disability. This amount does not include:
 - The amount of attorney fees approved by Social Security rules and reasonable documented costs paid to an attorney to secure the Social Security Disability benefit.
 - Any cost-of-living adjustments that are granted after benefits commence.
- Eighty-three percent (83%) of the retirement benefits you receive from Social Security or the United States Railroad Retirement Act, except for a member whose disability begins on or after July 1, 2008, eighty-five percent (85%) of the retirement benefits you receive, but not including any cost-of-living adjustments.
- All benefits, including sick pay, vacation pay, annual leave, paid time off (PTO), retirement benefits, unemployment compensation benefits or disability provided by any other group insurance contract or benefit arrangement that are financed in whole or in part by your employer. This does not include any retirement benefit that is received by the member pursuant to a state retirement system or plan other than ASRS.
- All of any Workers’ Compensation benefits.
- Payments for a veteran’s disability if the payment is for the same condition or a condition related to the condition currently causing the disability and is due to, or a result of, service in the Armed Forces of the United States.
- Fifty percent (50%) of any salary, wages or commissions or other employment-related pay that you receive or are entitled to receive from any gainful employment. Any money paid from employment during the LTD benefit period will be an offset for that period and will not be allocated over multiple benefit periods.

For a member whose disability commences on or after August 2, 2012, a member’s monthly income from the LTD program and the other listed income sources cannot exceed one

ASRS LTD Program Employee Guide Page 4

hundred percent (100%) of monthly compensation at the time disability commences. The monthly ASRS LTD program benefit will be offset by the amount necessary to reduce your total monthly income to meet the limit.

Your ASRS LTD benefit will be adjusted to apply the appropriate offset amount. If an overpayment of ASRS benefits occurs, Broadspire will require a full refund from you for the amount of the overpayment. The monthly benefit, which would otherwise be payable to you, may be applied to reduce the overpayment until it is repaid in full. If the balance of the overpayment is not satisfied upon termination of your disability claim, the balance of the overpayment will be recovered from any benefit proceeds you may be entitled to receive from ASRS.

If an underpayment of ASRS benefits occurs, Broadspire will promptly pay you the amount necessary to adjust the total payments to the amount that should have been paid under the program.

Applying for Other Benefits

When you are approved to receive an ASRS LTD monthly benefit, Broadspire may request that you take steps to apply for some of the benefits and payments described above. Because you may be eligible for other benefits, your LTD benefit payment is subject to the required offsets for those benefits even if you have not received or been paid for those other benefits. Specifically:

- For primary and dependent Social Security benefits, ASRS LTD members are considered eligible for Social Security benefits **until** the benefits are actually awarded or until you complete the Social Security appeals process through a hearing before a Social Security administrative law judge, or until Broadspire determines that you are not eligible for those benefits.

To prevent your ASRS LTD claim from being suspended or terminated, Broadspire may request documentation related to the Social Security application and appeals process, such as:

- Copy of application receipt from Social Security
- Copies of all denials from Social Security

When a Social Security benefit has been awarded or denied, you should notify Broadspire as soon as possible. Social Security benefits will be deducted from your monthly LTD benefit for any months in which you were entitled to both Social Security and LTD benefits.

If your application for Social Security benefits have been **denied** you will need to appeal and **continue** the Social Security process until you have been denied through a hearing before a Social Security administrative law judge. If you have not satisfied the Social Security process through the administrative law judge and your claim is closed for any reason an estimated overpayment will be created and the balance of the overpayment will be recovered from any benefit proceeds you may be entitled to receive from ASRS.

- For benefits and payments from any other source provided above, LTD members are eligible for the benefits if it is reasonable to believe that the benefits will be paid upon proper completion of the claim or would have been paid except for the failure of the member to pursue the claim in time.

Minimum ASRS LTD Benefit

If you are eligible for a benefit under the program, a minimum amount of \$50 per month will be due you, regardless of how much income you receive from other sources. However, if an overpayment exists on your claim or other program criteria are not met, this minimum benefit will not be paid to you, but will instead either be applied to reduce the overpayment until it is reduced to zero or be reduced to meet other program limits.

ARE BENEFITS TAXED?

Your LTD benefit is considered taxable income and is subject to applicable tax laws. Fifty percent (50%), or the portion of your benefit that comes from employer contributions, is taxable.

Broadspire will withhold legally required federal taxes from the appropriate percentage of your adjusted gross monthly benefit. A Form W-4 will need to be completed indicating your federal withholding allowances. Your LTD benefit is also subject to state income tax. Broadspire will request and process a Form A-4 for Arizona state taxes only. A Form W-2 will be sent at the end of each year reflecting federal and Arizona state taxes withheld for that year.

HOW LONG WILL BENEFITS BE PAID?

Benefits are payable after the waiting period and for the remainder of your period of disability, except that benefits will not be payable beyond:

- The date you cease to have a disability.
- The date you are no longer under the direct care of a licensed physician.
- The date you refuse to undergo a medical examination or refuse to participate in any work rehabilitation program for which you are reasonably qualified by education, training or experience and that is requested by Broadspire.
- The date you fail to provide information, data, paperwork or other documentation that are requested by ASRS or Broadspire. If you provide the requested information, Broadspire will retroactively reinstate the benefits or claim for which you are entitled.
- The effective date of your retirement benefits under the ASRS.
- The date you withdraw employee contributions and cease to be a member of the ASRS.

- The later of the following:
 - Your normal retirement date²
 - The month following sixty (60) months of payments if disability occurs before age 65.
 - The month after you reach age 70 if disability occurs at age 65 but before age 69.
 - The month following twelve (12) months of payments if disability occurs at or after age 69.
- If you are convicted of a criminal offense and sentenced to more than six months in a jail, prison or other penal institution, benefits will cease the month following thirty days of continuous confinement and will continue to be suspended for the remainder of the confinement.

In addition to a monthly benefit, an LTD member is entitled to receive ASRS service credit from the time disability commences until the member's normal retirement date, except that a member who receives monthly benefits on or after June 30, 1999, cannot receive the greater of thirty (30) years or the total years of service credited to the member's retirement account on the commencement of disability.

WHAT HAPPENS IF MY DISABILITY STOPS AND THEN RECURS?

If you have satisfied a waiting period and return to work with an ASRS employer, but later develop a disability again for the same or a related cause, you may not have to satisfy a new waiting period. Benefit payments will resume without a waiting period as long as you have returned to work full-time with the participating employer for less than six consecutive months.

A new period of disability for a different and entirely unrelated cause following at least one day of full-time work with the participating employer will require a new waiting period before any additional benefits would be payable.

AM I ELIGIBLE FOR THE ASRS HEALTH INSURANCE PROGRAM?

If you are receiving an LTD benefit, you are eligible to elect coverage under the ASRS Retiree Group Health Insurance Program. If you become ineligible for the LTD benefits, you may continue health insurance for yourself and your covered dependents for up to twelve (12) months from the date you become ineligible for additional LTD benefits.

² For a member with a membership date prior to 7/1/11, "normal retirement" is defined as the earliest of: a) Age 62 and 10 years of credited service; b) Age 65; or c) The date the member's age plus years of credited service equals 80.

For a member with a membership date on or after 7/1/11, "normal retirement" is defined as the earliest of: a) Age 62 and 10 years of credited service; b) Age 65; c) Age 60 and 25 years of credited service; or d) Age 55 and 30 years of credited service.

In addition, if you have at least five years of credited service and receive your group health insurance coverage through an ASRS employer or through the ASRS Retiree Group Insurance Program, you may also be eligible for a premium benefit to supplement the cost of insurance. However, if you were receiving the premium benefit, this benefit will cease the date you become ineligible for additional LTD benefits. At that time, you will be financially responsible for the full amount of the premiums.

Contact your employer or the ASRS Member Services Division for information regarding the insurance programs and the Health Insurance Premium Benefit Program available to you.

HOW DO I FILE A CLAIM FOR BENEFITS?

You should file your claim as soon as it appears that you will have a period of disability for six consecutive months. If you are not certain how long your disability will last, you should file your claim when you have been off of work or have been working limited duty for two months.

Contact your Human Resources, Benefits, or Payroll Department to obtain the employee claim packet. The packet includes the following forms necessary to file a LTD claim:

- Employee Claim Statement - Complete this form, in full, to provide information relating to the date and cause of your disability and other sources of income available to you. Include as much pertinent information as possible, such as any return to work period or light duty status, to assist Broadspire in making a determination. You may attach a separate sheet, if necessary.

Be sure to complete the Training, Education, and Experience – Vocational Rehabilitation Services section to assist Broadspire in determining the possible use of services to support your rehabilitation.

- Sensitive Medical Information Release form - The release is used to authorize Broadspire to obtain medical documentation to support your claim.
- W-4 and A-4 forms - If you do not submit these forms, Broadspire will withhold federal taxes based on an S1 (single with one exemption) rate and Arizona state taxes at a rate of 5.1%.
- Direct Deposit Authorization forms – Complete this form to allow Broadspire to electronically deposit your LTD benefit payments into your bank account.
- Reimbursement Agreement forms – Completing this form allows Broadspire to issue full LTD benefit payments to you while you pursue other benefits to which you may be entitled.
- Attending Physician Statement – Ask your primary care physician to complete this form to provide details of your condition, current treatment(s), and a prognosis. It should include all information from the date of disability through the current date. If

several different doctors are involved in your care, it may be necessary to submit more than one physician's statement.

You may return the employee claim packet to your Human Resources, Benefits or Payroll Department to submit the claim to Broadspire along with the employer claim packet, or, you may submit the employee claim packet directly to Broadspire. Once Broadspire has received the claim, it will be processed and you will be sent written notice of the status of your claim.

The earlier you file your claim, the more likely it is that Broadspire can complete all of the processing necessary, including gathering additional information, to provide you with a decision regarding your claim on or before the date that benefits would be payable.

Notification of Decision

A decision regarding your claim will be made promptly after Broadspire receives all completed required forms, requests and receives any additional documentation, and reviews the information. Broadspire may request that you be examined by an independent physician of its choice at no cost to you and may also make any other investigation deemed necessary to determine benefits that may be payable under the program.

Once you have been approved for LTD benefits, you are required by Arizona law to be under the direct care of a licensed physician in order for monthly benefits to continue. In order to verify that you continue to have a disability and continue to be under the care of a physician, a supplemental statement form completed by your attending physician will be required as deemed necessary by Broadspire. This form will be provided to you at no cost; however, the cost of having this form completed will be your responsibility. Broadspire will advise you when additional medical or other evidence is necessary to determine if benefit payments can continue.

IF I DISAGREE WITH THE DECISION ON MY CLAIM, WHAT CAN I DO?

If your claim is denied in whole or in part, Broadspire will provide written notice that includes:

- The specific reason or reasons for the denial.
- A description of, as well as the reason for, any additional documentation or information that may be necessary to make a decision on an appeal of the claim.
- An explanation of the LTD program's claim appeal procedure.

If you disagree with the determination made on your claim, you have the right to request a thorough review of the decision:

- Within sixty (60) days after you receive **written** notice of the initial determination on your claim, you must file a **written** request for a review.
- The review request should include any additional facts and documentation that will support your claim. For your assistance, you may:

- Request a copy of the Arizona LTD statutes
 - Ask for further explanation of the ASRS LTD program provisions and the reason for the initial determination
- Your **written** request for a review must be mailed to the address below:

Broadspire
PO Box 14773
Lexington, KY 40512

If you have any questions regarding the ASRS LTD program, call 1-877-232-0596 and speak with a Call Center Representative **24 hours a day, 7 days a week**.
